

# LONG EQUITY

## FACTSHEET - FEBRUARY 2023

### LONG EQUITY INVESTMENT STRATEGY

Long Equity runs a concentrated portfolio of value-creators and price-setters. We only hold companies that can (i) invest capital at significantly higher returns than their cost of capital (*value creation*), and (ii) raise prices without impacting demand (*price setting*). Returns on capital must be high, consistent and unleveraged, with competitive advantages, ideally switching costs and network effects, preventing returns and margins from being competed away. We pursue a long-term strategy to minimise transaction costs and defer capital gains by investing in companies capable of compounding indefinitely.

#### Holdings

No. Holdings: 24  
Held <1yr: 11/24

#### Geography

US: 77%  
France: 6%  
Canada: 5%  
Australia: 3%  
Netherlands: 3%  
Denmark: 3%  
Italy: 2%  
UK: 1%

#### Sectors

Software: 28%  
Semiconductors: 15%  
Payments: 12%  
Retail: 11%  
Credit rating: 10%  
Healthcare: 9%  
Financial data: 9%  
Consumer staples: 6%

#### Top 5 Holdings

Microsoft: 7%  
Visa: 7%  
MSCI: 6%  
S&P Global: 6%  
L'Oreal: 6%  
Total: 32%

#### Weighted Financials<sup>1</sup>

FCF Growth (5yr): 19%  
FCF ROC: 27%  
FCF Margin: 32%  
FCF Yield: 2.67%  
Linearity (5yr): 0.87

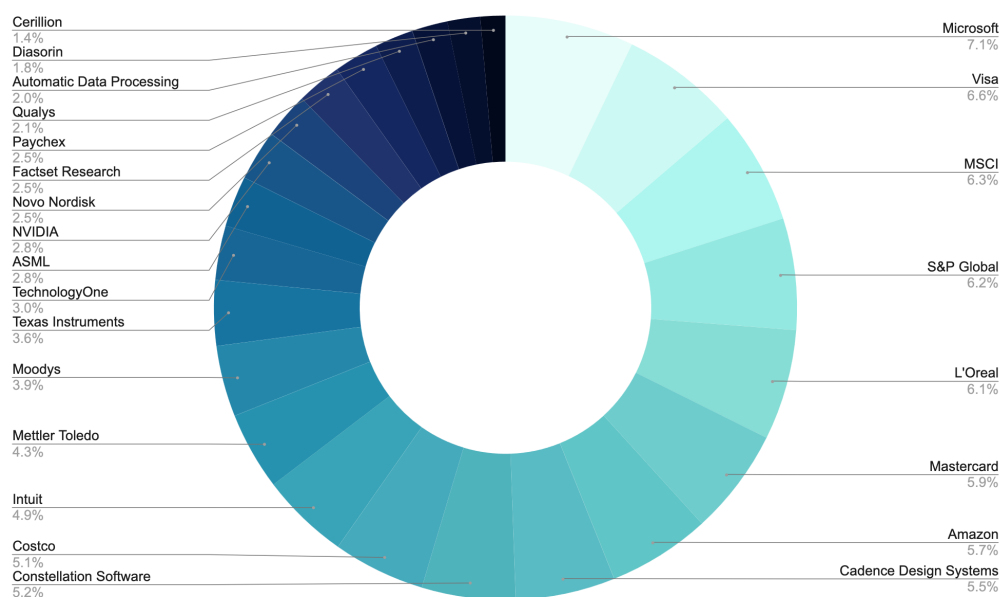
#### Portfolio comment

We began a new position in Cerillion. The top contributors to performance were NVIDIA and Cadence Design Systems. The top detractors from performance were Moody's and S&P Global.

#### Performance (Gross returns in GBP)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
<b>2021</b>										6.2%	2.4%	0.0%	<b>8.6%</b>
<b>2022</b>	-11.6%	-4.6%	4.9%	-7.5%	-2.3%	-3.6%	13.6%	-2.4%	-7.4%	2.0%	2.3%	-6.7%	<b>-22.9%</b>
<b>2023</b>	8.4%	-0.7%											<b>7.7%</b>

#### Portfolio



<sup>1</sup> FCF Growth (5yr) is the compound annual growth rate of free cash flow (FCF) per share over the last 5-years. FCF ROC is FCF divided by invested capital (non-current liabilities plus equity) and expressed as a percentage. FCF Margin is FCF divided by total revenue and expressed as a percentage. FCF Yield is FCF divided by market capitalisation and expressed as a percentage. 5yr Linearity is the R-squared value of the share price over the last 5 years. All values presented are weighted to the position size of each company within the portfolio.